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**NONPROFIT ENTERPRISE AT WORK, INC.**

FINANCIAL STATEMENTS

For the years ended June 30, 2018 and 2017

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# **NONPROFIT ENTERPRISE AT WORK, INC.**

## **FINANCIAL STATEMENTS**

For the years ended June 30, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Nonprofit Enterprise at Work, Inc.  
Ann Arbor, Michigan

We have audited the accompanying financial statements of Nonprofit Enterprise at Work, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Enterprise at Work, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully,

*Bennett & Associates CPAs PLLC*

Ann Arbor, Michigan  
January 15, 2019

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
*June 30,*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 115,191	\$ 230,113
Promises to give, net of allowance	145,274	24,890
Accounts receivable	81,992	48,519
Inventory	12,653	22,653
Prepaid expenses	17,044	7,456
Total current assets	372,154	333,631
Promises to give, due after one year	18,000	35,759
Property and equipment:		
Land	53,000	53,000
Building and improvements	936,590	925,045
Furniture and fixtures	90,220	90,220
Computer equipment and software	26,422	26,422
Construction in progress	50,413	-
Total property and equipment	1,156,645	1,094,687
Less accumulated depreciation and amortization	(727,533)	(714,911)
Property and equipment, net of depreciation and amortization	429,112	379,776
<b>TOTAL ASSETS</b>	<b>\$ 819,266</b>	<b>\$ 749,166</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable - trade	\$ 9,129	\$ 7,398
Accrued liabilities	35,700	27,274
Deferred revenue	114,111	36,505
Current portion of notes payable	24,303	23,034
Total current liabilities	183,243	94,211
Security deposits payable	4,915	3,881
Notes payable, less current portion	258,594	282,884
<b>TOTAL LIABILITIES</b>	446,752	380,976
<b>NET ASSETS</b>		
Unrestricted net assets	(277,000)	(30,643)
Temporarily restricted - operations	329,239	60,649
Temporarily restricted - fixed assets	320,275	338,184
<b>TOTAL NET ASSETS</b>	372,514	368,190
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 819,266</b>	<b>\$ 749,166</b>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
*For the year ended June 30, 2018 with comparable totals for 2017*

	Operations		Fixed Assets	Totals	
	Unrestricted	Temporarily Restricted	Temporarily Restricted	2018	2017
<b>Support and Revenue</b>					
<b>Support</b>					
Grants, contributions, and sponsorships	\$ 40,370	\$ 362,349	\$ -	\$ 402,719	\$ 205,692
In-kind contributions:					
Donated materials and supplies	375	-	-	375	-
Donated services	28,463	-	-	28,463	26,558
Total support	<u>69,208</u>	<u>362,349</u>	<u>-</u>	<u>431,557</u>	<u>232,250</u>
<b>Revenue</b>					
Program fees	927,462	-	-	927,462	818,509
Tenant					
Rentals	170,092	-	-	170,092	188,527
Reimbursements	20,600	-	-	20,600	27,413
Interest	11	-	-	11	211
Miscellaneous	5	-	-	5	4,806
Total revenue	<u>1,118,170</u>	<u>-</u>	<u>-</u>	<u>1,118,170</u>	<u>1,039,466</u>
Total support and revenue	<u>1,187,378</u>	<u>362,349</u>	<u>-</u>	<u>1,549,727</u>	<u>1,271,716</u>
<b>Net assets released from restrictions</b>					
Satisfaction of restriction requirements	<u>111,668</u>	<u>(93,759)</u>	<u>(17,909)</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>					
Program services					
npServ	550,169	-	-	550,169	548,931
Organizational development	394,014	-	-	394,014	323,372
Building management	220,122	-	-	220,122	200,818
Supporting services					
Management and general	290,410	-	-	290,410	151,504
Fundraising	90,688	-	-	90,688	28,539
Total expenses	<u>1,545,403</u>	<u>-</u>	<u>-</u>	<u>1,545,403</u>	<u>1,253,164</u>
<b>Change in net assets</b>	(246,357)	268,590	(17,909)	4,324	18,552
Net assets - beginning of year	<u>(30,643)</u>	<u>60,649</u>	<u>338,184</u>	<u>368,190</u>	<u>349,638</u>
<b>Net assets - end of year</b>	<u>\$ (277,000)</u>	<u>\$ 329,239</u>	<u>\$ 320,275</u>	<u>\$ 372,514</u>	<u>\$ 368,190</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF ACTIVITIES**  
*For the year ended June 30, 2017*

	<u>Operations</u>		<u>Fixed Assets</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Temporarily Restricted</u>	<u>2017</u>
<b>Support and Revenue</b>				
<b>Support</b>				
Grants, contributions, and sponsorships	\$ 179,313	\$ 26,379	\$ -	\$ 205,692
In-kind contributions:				
Donated materials and supplies	-	-	-	-
Donated services	26,558	-	-	26,558
Total support	205,871	26,379	-	232,250
<b>Revenue</b>				
Program fees	818,509	-	-	818,509
Tenant				
Rentals	188,527	-	-	188,527
Reimbursements	27,413	-	-	27,413
Interest	211	-	-	211
Miscellaneous	4,806	-	-	4,806
Total revenue	1,039,466	-	-	1,039,466
Total support and revenue	1,245,337	26,379	-	1,271,716
<b>Net assets released from restrictions</b>				
Satisfaction of restriction requirements	28,639	(10,730)	(17,909)	-
<b>Expenses</b>				
Program services				
npServ	548,931	-	-	548,931
Organizational development	323,372	-	-	323,372
Building management	200,818	-	-	200,818
Supporting services				
Management and general	151,504	-	-	151,504
Fundraising	28,539	-	-	28,539
Total expenses	1,253,164	-	-	1,253,164
<b>Change in net assets</b>	20,812	15,649	(17,909)	18,552
Net assets - beginning of year	(51,455)	45,000	356,093	349,638
<b>Net assets - end of year</b>	<u>\$ (30,643)</u>	<u>\$ 60,649</u>	<u>\$ 338,184</u>	<u>\$ 368,190</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2018 with comparable totals for 2017*

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Totals	
	npServ	Organizational Development	Building Management		Management and General	Fundraising		2018	2017
Payroll expenses:									
Wages	\$ 361,131	\$ 287,375	\$ 71,542	\$ 720,048	\$ 180,012	\$ 72,000	\$ 252,012	\$ 972,060	\$ 788,994
Payroll Taxes	27,462	20,284	4,325	52,071	13,881	5,508	19,389	71,460	59,025
Employee Benefits	34,202	20,519	6,919	61,640	15,410	9,164	24,574	86,214	59,195
Total Payroll Expenses	<u>422,795</u>	<u>328,178</u>	<u>82,786</u>	<u>833,759</u>	<u>209,303</u>	<u>86,672</u>	<u>295,975</u>	<u>1,129,734</u>	<u>907,214</u>
Other expenses:									
Office Expenses	3,740	971	14,938	19,649	1,008	1,601	2,609	22,258	21,516
Program Expenses	11,884	-	-	11,884	-	-	-	11,884	9,408
Janitorial	-	-	12,985	12,985	-	-	-	12,985	12,579
Utilities	9,924	-	21,919	31,843	-	-	-	31,843	36,497
Office and Equipment Rent	16,235	-	28,307	44,542	6,448	-	6,448	50,990	47,925
Travel and Conferences	23,214	3,879	291	27,384	-	970	970	28,354	15,573
Dues and Subscriptions	7,392	831	-	8,223	2,191	-	2,191	10,414	5,727
Insurance	-	2,598	2,427	5,025	7,435	-	7,435	12,460	5,956
Meals and Entertainment	483	8,233	178	8,894	694	-	694	9,588	9,838
Repairs and Maintenance	-	-	22,036	22,036	-	-	-	22,036	12,465
Contract Services	2,205	20,520	-	22,725	14,022	-	14,022	36,747	41,376
Donated Computer Equipment	10,250	125	-	10,375	-	-	-	10,375	18,217
Professional Fees	-	-	-	-	11,138	-	11,138	11,138	9,900
Professional Development	-	4,837	-	4,837	-	1,209	1,209	6,046	988
Donated Services	21,088	3,875	3,500	28,463	-	-	-	28,463	26,558
Marketing and Promotion	57	799	90	946	8,178	236	8,414	9,360	8,957
Interest	-	-	-	-	15,881	-	15,881	15,881	17,314
Bad Debt	14,608	-	-	14,608	-	-	-	14,608	2,445
All Other	6,294	19,168	49	25,511	14,112	-	14,112	39,623	11,799
Total Expenses Before Depreciation	<u>550,169</u>	<u>394,014</u>	<u>189,506</u>	<u>1,133,689</u>	<u>290,410</u>	<u>90,688</u>	<u>381,098</u>	<u>1,514,787</u>	<u>1,222,252</u>
Depreciation	-	-	30,616	30,616	-	-	-	30,616	30,912
Total Expenses	<u>\$ 550,169</u>	<u>\$ 394,014</u>	<u>\$ 220,122</u>	<u>\$ 1,164,305</u>	<u>\$ 290,410</u>	<u>\$ 90,688</u>	<u>\$ 381,098</u>	<u>\$ 1,545,403</u>	<u>\$ 1,253,164</u>

**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
*For the year ended June 30, 2017*

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total 2017
	npServ	Organizational Development	Building Management		Management and General	Fundraising		
Payroll expenses:								
Wages	\$ 385,590	\$ 249,895	\$ 59,119	\$ 694,604	\$ 70,302	\$ 24,088	\$ 94,390	\$ 788,994
Payroll Taxes	28,801	18,623	4,379	51,803	5,442	1,780	7,222	59,025
Employee Benefits	36,448	14,235	6,206	56,889	90	2,216	2,306	59,195
<b>Total Payroll Expenses</b>	<b>450,839</b>	<b>282,753</b>	<b>69,704</b>	<b>803,296</b>	<b>75,834</b>	<b>28,084</b>	<b>103,918</b>	<b>907,214</b>
Other expenses:								
Office Expenses	3,241	1,252	16,586	21,079	287	150	437	21,516
Program Expenses	9,391	17	-	9,408	-	-	-	9,408
Janitorial	-	-	12,579	12,579	-	-	-	12,579
Utilities	11,004	-	24,563	35,567	930	-	930	36,497
Office and Equipment Rent	15,660	-	25,947	41,607	6,318	-	6,318	47,925
Travel and Conferences	13,922	1,337	19	15,278	-	295	295	15,573
Dues and Subscriptions	1,482	1,946	-	3,428	2,299	-	2,299	5,727
Insurance	-	1,096	1,478	2,574	3,382	-	3,382	5,956
Meals and Entertainment	842	7,760	760	9,362	476	-	476	9,838
Repairs and Maintenance	-	-	12,465	12,465	-	-	-	12,465
Contract Services	-	24,836	-	24,836	16,540	-	16,540	41,376
Donated Computer Equipment	18,217	-	-	18,217	-	-	-	18,217
Professional Fees	-	-	-	-	9,900	-	9,900	9,900
Professional Development	-	978	-	978	-	10	10	988
Donated Services	21,088	-	5,470	26,558	-	-	-	26,558
Marketing and Promotion	-	411	50	461	8,496	-	8,496	8,957
Interest	-	-	-	-	17,314	-	17,314	17,314
Bad Debt	2,445	-	-	2,445	-	-	-	2,445
All Other	800	986	285	2,071	9,728	-	9,728	11,799
<b>Total Expenses Before Depreciation</b>	<b>548,931</b>	<b>323,372</b>	<b>169,906</b>	<b>1,042,209</b>	<b>151,504</b>	<b>28,539</b>	<b>180,043</b>	<b>1,222,252</b>
Depreciation	-	-	30,912	30,912	-	-	-	30,912
<b>Total Expenses</b>	<b>\$ 548,931</b>	<b>\$ 323,372</b>	<b>\$ 200,818</b>	<b>\$ 1,073,121</b>	<b>\$ 151,504</b>	<b>\$ 28,539</b>	<b>\$ 180,043</b>	<b>\$ 1,253,164</b>



**NONPROFIT ENTERPRISE AT WORK, INC.**  
**STATEMENTS OF CASH FLOWS**  
*For the years ended June 30,*

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 4,324	\$ 18,552
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	30,616	30,912
Decrease (increase) in assets:		
Promises to give	(102,625)	(17,379)
Accounts receivable	(33,473)	(17,701)
Inventory	10,000	18,217
Prepaid expenses	(9,588)	4,116
(Decrease) increase in liabilities:		
Accounts payable - trade	1,731	(4,945)
Accrued liabilities	8,426	(11,096)
Deferred compensation	-	-
Deferred revenue	77,606	(62,445)
Security deposits payable	1,034	-
Net cash from operating activities	<u>(11,949)</u>	<u>(41,769)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	<u>(79,952)</u>	<u>-</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES:</b>		
Payments on notes payable	<u>(23,021)</u>	<u>(21,588)</u>
Net cash from financing activities	<u>(23,021)</u>	<u>(21,588)</u>
Net change in cash and cash equivalents	(114,922)	(63,357)
Cash and cash equivalents - beginning of year	<u>230,113</u>	<u>293,470</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 115,191</u></u>	<u><u>\$ 230,113</u></u>

**NOTE A - NATURE OF ORGANIZATION**

Nonprofit Enterprise at Work, Inc. (NEW) is a 501(c)(3) management support organization serving Southeast Michigan, with offices in Ann Arbor and Detroit. NEW was founded in Ann Arbor in 1993 to manage the NEW Center, a collaborative nonprofit resource and incubator site of nonprofit tenants. NEW has developed and delivered programs and services that work for nonprofit leaders to provide high-quality solutions to meet their capacity needs.

NEW's mission is to improve the impact and performance of fellow nonprofits by working alongside leaders to create high-quality strategic solutions that advance their missions in our communities. NEW's vision is: empowered leaders, flourishing nonprofits, and vibrant communities.

NEW defines capacity building as positioning an organization for success in maximizing its impact by leveraging its strengths and addressing opportunities for improvement. NEW realizes that capacity building may be realized in different ways by nonprofit organizations based on their current stage of organizational development. Instead of dwelling in a scarcity mindset, NEW helps organizations strive for the future and build on their strengths to meet their positive potential. We work side by side with our clients to help them identify their unique value, understand their relevant resources and assets, and construct action steps to meet their organizational goals. NEW embraces this approach for the work that we do with small and medium sized nonprofits in the following areas:

- Organization Development
- Financial Services/Back-office accounting
- Information Technology Services
- Nonprofit Office and Meeting Space

NEW's team of consultants has translated its years of experience, research, and training into practical and actionable support for nonprofit organizations. Whether working to develop a strong board, leverage new technology, better align an organization's resources and vision, or finding new ways to communicate with constituents, NEW helps each of its clients find better, smarter, and more efficient ways to achieve mission. We offer expert consultation, education, analysis, and support for every phase of a nonprofit's growth and development. Our work is based on a model that is driven by strategic goals, yet rooted in practical steps for achieving mission and vision.

In addition to our direct service to nonprofits, NEW also works with philanthropic and corporate partners who are making a difference in the nonprofit sector. Through collaborations that support their grantees, training and education for their staff, and guidance that informs strategies for deepening and leveraging their impact in the sector, we have earned a stellar reputation with these important stakeholders.

NEW has three main programs:

**Organizational Development/Financial Services** – The program offers leadership & organizational development support to CEO's and boards of nonprofits. This support includes beginning and advanced board governance training, strategic planning, customized facilitation and workshops, diversity & inclusion training, and assistance with bylaws. The program provides answers to nonprofit management questions for nonprofit leaders and community members. In addition, this program offers the Board Room, an online collection of best practice documents for board governance, and Board360 an affordable board assessment tool. Financial services offers monthly QuickBooks bookkeeping service, budget and cash flow forecasting, financial assessments, financial plans, and written financial policies & procedures. In the fiscal year 2018 NEW served a wide range of individuals and organizations:

- Nonprofits Served: Through customized trainings for individual boards or nonprofit leaders NEW served 77 individual nonprofit organizations in the fiscal year.
- Workshops: In fiscal 17/18 NEW facilitated two iterations of the Non Profit Start Up Series (4 workshops each), as well as one other workshop titled "Creating Sustainable Funding for a Nonprofit". 82 participants registered for the 9 workshops.
- Leadership DELI: In fiscal 17/18 NEW facilitated 2 iterations of Leadership Deli (1) LD Summit in the fall of 2017 (1 day) and (2) LD 4 in the spring of 2018 (5 sessions). Eleven (11) nonprofit organizations (1 person from each organization) participated in the LD Summit and 21 organizations (37 individuals) participated in the LD 4 series.

**NOTE A – NATURE OF ORGANIZATION, *continued***

- Resources: 45 Starting a Nonprofit Guidebooks were sold in the fiscal period.
- NEWs Notes: began the fiscal year with 6,978 email subscribers and ended it with 6,607 subscribers.
- Financial Services: has 7 third party bookkeeping clients generating \$1,690 in recurring monthly income at 6/30/2018, and served 12 nonprofit clients with financial consulting and/or fiscal sponsorship services in the fiscal year.

**NEW Center** – The program provides affordable office space and shared resources for nonprofit tenants and affordable meeting space available to any 501(c)(3) nonprofit organization. In the fiscal year 2018, the NEW Center provided a wide range of support to nonprofits:

- Tenants: Nineteen (19) organizations were tenants and eight (8) organizations were Affiliate tenants as of June 30, 2018, of which 10 participated in the NEW Center’s shared telephone system.

**npServ** – The program combines traditional business solutions and innovative new technologies to provide strategic, cost-effective IT services to nonprofits, helping them create and maintain an optimal technology environment tailored to their mission, budget, and needs. npServ lowers hardware, software, energy, and management costs, while enabling greater reliability, daily remote data backup, remote access to workstations, and many other benefits. Nonprofits have access to on-call IT support during regular business hours for an affordable monthly fee. npServ also offers hosted email for nonprofits.

In fiscal 17/18, npServ provided ongoing IT support and maintenance for 66 organizations, 1,006 staff and faculty workstations, 553 non-staff and public workstations, and 95 servers.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting***

The financial statements are prepared on the accrual basis of accounting.

***Display of net assets by class***

The net assets of NEW are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Net assets of the two restricted classes are created only by donor-imposed purpose or time restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

NEW’s temporarily restricted net assets are further classified for display purposes as follows:

Operations – restricted for (a) designated operating activities, or (b) use in specified future period, but otherwise unrestricted.

Fixed assets – restricted for (a) use by designated activities related to NEW, (b) the acquisition of long-lived assets, or (c) use in a specified future period.

NEW does not have any permanently restricted net assets.

***Cash and cash equivalents***

NEW considers all highly liquid investments with original maturities of three months or less to be cash equivalents. As of June 30, 2018, NEW has \$26,893 in restricted cash that serves as collateral for an irrevocable standby letter of credit that is required by their unemployment provider.

***Accounts receivable***

Accounts receivable is stated at the amount management expects to collect from outstanding balances. The allowance for doubtful accounts was \$2,531 and \$3,656 at June 30, 2018 and 2017, respectively.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Inventory***

Inventory consists of donated computer equipment valued at the estimated fair value at the time of donation.

***Property and equipment***

NEW capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

***Promises to give***

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

***Income taxes***

NEW is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified NEW as other than a private foundation.

***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

***Recognition of donor restrictions***

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

***Donated materials and services***

NEW records the value of donated goods as contributions using estimated fair values at the date of receipt. For the years ended June 30, 2018 and 2017, donated supplies totaling \$250 and \$0, respectively, were recognized in the unrestricted class of net assets.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2018 and 2017, contributed services of \$28,838 and \$26,558, respectively, were recognized in the unrestricted net asset class.

***Functional allocation of expenses***

The costs of providing the program and support services have been reported on a functional basis in the statement of activities. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

***Subsequent events***

Subsequent events have been evaluated through January 15, 2019, the date the financial statements were available to be issued.

**NOTE C - LINE OF CREDIT**

NEW has a line of credit agreement with Old National Bank in the amount of \$50,000. At June 30, 2018 and 2017, there was no balance drawn on the line of credit. The interest rate is the bank's prime rate plus 1.5%, and the line is secured by a lien on substantially all assets. The line matures on April 9, 2019.

**NOTE D - NOTES PAYABLE**

NEW has the following notes payable outstanding at June 30:

	2018	2017
Business loan with IFF, an Illinois not-for-profit corporation. 180 monthly principal and interest payments beginning on 04/01/15. Initial interest rate of 5.375%. Interest rate recalculated at 04/01/20 and 04/01/25. Secured by a mortgage on real estate (1100 N. Main St.) and an assignment of the rental income from the building.	\$ 282,897	\$ 305,918
	\$ 282,897	\$ 305,918

Scheduled principle payments on notes payable are as follows:

2019		\$	24,303
2020			25,642
2021			27,055
2022			28,546
2023			30,118
Thereafter			147,233
		\$	282,897

On May 24, 2018, NEW signed an additional business loan with IFF of up to \$135,000. As of June 30, 2018, no funds had been borrowed.

**NOTE E - OPERATING LEASES**

***As lessee***

NEW leases its npServ office space in Ann Arbor under a lease extension ending in August 2020. Payments for the subsequent years are as follows: \$16,552 in 2019 and \$2,772 in 2020. NEW also leases office space in Detroit under a month to month lease with monthly payments of \$512. Rental expense under these leases was \$22,683 and \$21,978 in 2018 and 2017, respectively.

***As lessor***

NEW, as lessor, has entered into operating leases with nonprofit organizations that occupy the facility. The facility's cost and carrying amount is \$936,590 and \$323,599, respectively, including office space used by NEW for other purposes. The leases are from one to two years. Future minimum lease payments, in total and for the fiscal years ending June 30, for which leases have been negotiated, are as follows:

2019		\$	120,202
2020			48,049
2021			12,900
2022			-
2023			-
		\$	181,151

**NOTE F - RETIREMENT PLAN**

NEW maintains a SIMPLE IRA retirement plan for substantially all employees, with a 3% matching contribution. Matching contributions totaled \$20,348 and \$8,121 for the years ended 2018 and 2017, respectively.

**NOTE G - PROMISES TO GIVE**

Unconditional promises to give consist of the following at June 30:

	2018	2017
Receivable in less than one year	\$ 145,800	\$ 24,890
Receivable in one to five years	18,000	37,000
Total unconditional pledge receivables	163,800	61,890
Less discounts to net present value	(526)	(1,241)
Less allowance for uncollectible promises	-	-
	\$ 163,274	\$ 60,649

**NOTE H - NEW ACCOUNTING PRONOUNCEMENTS**

The Financial Accounting Standards Board (FASB) has issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a principles-based standard to recognize revenue from customer contracts. ASU No. 2014-09 will be effective beginning in 2019. NEW is currently evaluating the impact the adoption of ASU No. 2014-09 will have on its financial statements.

The FASB also issued ASU No. 2016-02, *Leases (Topic 842)*, which will require recognition of an asset and liability for most leases entered into by lessees. ASU No. 2016-02 will be effective beginning in 2020. NEW is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its financial statements.

The FASB also issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*, which will require changes to the presentation of financial statements for not-for-profit entities. These changes are designed to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU No. 2016-14 will be effective for fiscal years beginning after December 15, 2017. Early adoption is allowed. NEW is currently evaluating the impact the adoption of ASU No. 2016-14 will have on its financial statements.

The FASB also issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230)*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. ASU No. 2016-15 will be effective for fiscal years beginning after December 15, 2018. Early adoption is allowed. NEW is currently evaluating the impact the adoption of ASU No. 2016-15 will have on its financial statements.